

14 Young Street West

14 Young Street West
Waterloo, Ontario

\$439,900

\$36,000+ Gross Income

All Tenants Month-to-Month with Opportunity to Increase Rents

Steps to Uptown, Easy Walk to WLU and UW, Future LRT

Legal Non-Confirming Fourplex, Rental Licensing Pending

Presented by

Royal LePage Grand Valley Realty

Mike Milovick

519 745-7000

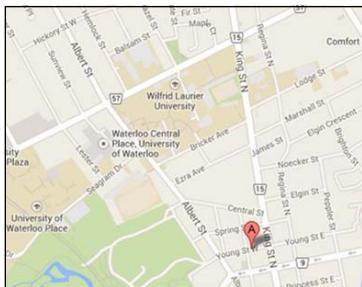
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15C

370 Highland Road West

Kitchener, Ontario

ROYAL LEPAGE
Grand Valley Realty
INDEPENDENTLY OWNED AND OPERATED



14 Young Street West

14 Young Street West
 Waterloo, Ontario



Income, Expenses & Cash Flow			Property Overview			
Potential Rental Income	\$ 36,060		Purchase/Asking Price	\$ 429,900	Property Type	Multi-Family
Other Income			Improvements		No. of Units	4
Total Vacancy and Credits	(721)		Other	7,080	Price Per Unit	\$ 110,320
Operating Expenses	\$ (12,772)		Closing Costs	4,300	Total Sq Ft	
Net Operating Income (NOI)	\$ 22,567		Finance Points		Price Per Sq Ft	
			Total Acquisition Cost	\$ 441,280	Income per Unit	\$ 9,015
Debt Service:	\$ (18,740)				Expenses per Unit	\$ (3,193)
Cash Flow Before Taxes	\$ 3,827		Mortgage (s)	\$ 343,920		
					Down Payment / Investment	\$ 97,360

Assumptions			Loan Information		
Rental Growth Rate:	2.90%		Down Payment:	\$ 97,360	% of Asking
Expense Growth Rate:	1.00%		Initial Loan Balance:	\$ 343,920	% of Cost
Appreciation Rate	3.00%				
			<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>
			\$ 343,920	3.59%	30
					<u>Payment</u>
					\$ 1,562

Financial Measurements	Year 1	Year 3	Year 7	Notes / Discussion
Debt Coverage Ratio (DCR)	1.20	1.30	1.50	
Loan-to-Value Ratio (LVR)	76.2%	68.9%	55.4%	
Capitalization Rate Based on Cost	5.11%	5.51%	6.38%	
Capitalization Rate Based on Resale Price	5.10%	5.18%	5.33%	
Gross Rent Multiplier	11.92	12.30	12.35	
Net Present Value (NPV) - B/ Taxes	6.00%	(15,224)	18,024	77,126
Cash on Cash Return - Before Taxes		3.93%	5.73%	9.68%
Internal Rate of Return - Before Taxes			12.40%	16.18%
Modified Internal Rate of Return - Before Taxes			11.97%	14.75%

Disclaimer: All information presented is believed to be accurate.

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 36,060	\$ 37,106	\$ 38,182	\$ 39,289	\$ 40,428
Less: Vacancy & Credit Losses	(721)	(742)	(764)	(786)	(809)
Effective Gross Income	\$ 35,339	\$ 36,364	\$ 37,418	\$ 38,503	\$ 39,620
Less: Operating Expenses	(12,772)	(12,934)	(13,099)	(13,266)	(13,436)
Net Operating Income (NOI)	\$ 22,567	\$ 23,430	\$ 24,320	\$ 25,237	\$ 26,184
Less: Annual Debt Service	(18,740)	(18,740)	(18,740)	(18,740)	(18,740)
CASH FLOW Before Taxes	\$ 3,827	\$ 4,689	\$ 5,579	\$ 6,497	\$ 7,444

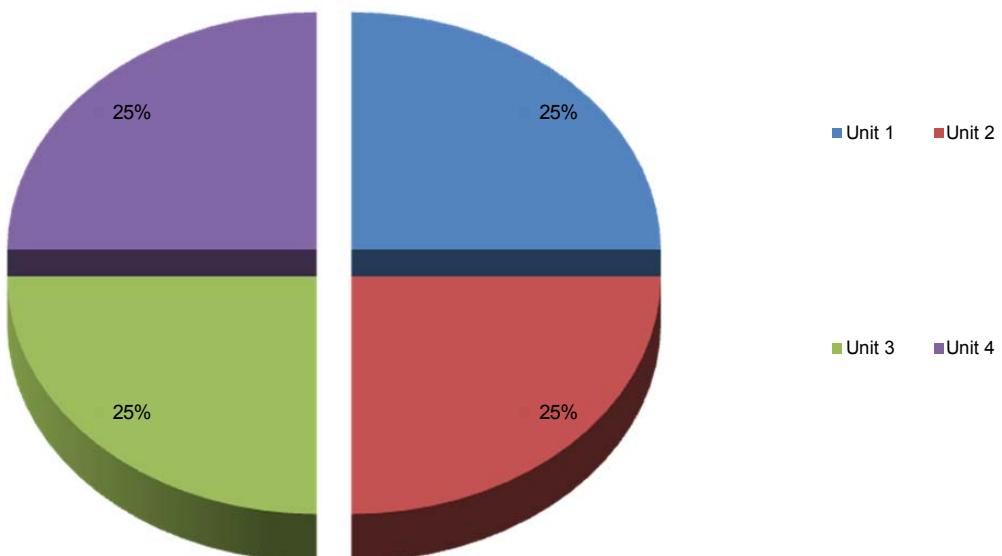
Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$ 442,797	\$ 456,081	\$ 469,763	\$ 483,856	\$ 498,372
Less: Selling Expenses	(22,140)	(22,804)	(23,488)	(24,193)	(24,919)
Adjusted Projected Sales Price	\$ 420,657	\$ 433,277	\$ 446,275	\$ 459,663	\$ 473,453
Less: Mortgage(s) Balance Payoff	(337,420)	(330,683)	(323,701)	(316,463)	(308,961)
SALE PROCEEDS Before Taxes	\$ 83,237	\$ 102,593	\$ 122,575	\$ 143,200	\$ 164,492

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 3,827	\$ 4,689	\$ 5,579	\$ 6,497	\$ 7,444
Cash Generated in Previous Years	n/a	3,827	8,516	14,095	20,593
Cash Generated from Property Sale	83,237	102,593	122,575	143,200	164,492
Original Initial Investment	(97,360)	(97,360)	(97,360)	(97,360)	(97,360)
Total Potential CASH Generated	\$ (10,296)	\$ 13,750	\$ 39,310	\$ 66,433	\$ 95,169

Financial Measurements	Year 1	Year 2	Year 3	Year 4	Year 5
Debt Coverage Ratio (DCR)	1.20	1.25	1.30	1.35	1.40
Loan-to-Value Ratio (LVR)	76.2%	72.5%	68.9%	65.4%	62.0%
Capitalization Rate Based on Cost	5.11%	5.31%	5.51%	5.72%	5.93%
Capitalization Rate Based on Resale Price	5.10%	5.14%	5.18%	5.22%	5.25%
Gross Rent Monthly Multiplier (GRM)	143.06	147.50	147.64	147.78	147.93
Gross Rent Yearly Multiplier (GRM)	11.92	12.29	12.30	12.32	12.33
Value of Property Using this GRM	12.00	432,720	445,269	458,182	471,469
Break-Even Ratio	87.39%	85.36%	83.39%	81.46%	79.59%
Operating Expense Ratio	36.14%	35.57%	35.01%	34.45%	33.91%
Net Present Value (NPV) - Before Taxes	6.00%	(15,224)	1,732	18,024	33,683
Cash-on-Cash Return with Equity	-10.58%	28.89%	24.91%	22.13%	20.07%
Cash-on-Cash Return - Before Taxes	3.93%	4.82%	5.73%	6.67%	7.65%
Internal Rate-of-Return (IRR) - Before Taxes	-10.58%	6.96%	12.40%	14.62%	15.60%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	-10.58%	6.83%	11.97%	13.89%	14.61%

Rent Roll Summary

Unit Description	Number of Units	Per unit Sq Ft	Total Sq Ft	Percent of Total	Monthly Rev/ Sq Ft	Rent Per Unit	Monthly Rent	Annual Rent
Unit 1	1				\$ 750	\$ 750	\$ 750	\$ 9,000
Unit 2	1				\$ 565	\$ 565	\$ 565	\$ 6,780
Unit 3	1				\$ 820	\$ 820	\$ 820	\$ 9,840
Unit 4	1				\$ 870	\$ 870	\$ 870	\$ 10,440
Totals	4				3,005	\$ 3,005	\$ 36,060	

Unit Mix

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Annual Expenses



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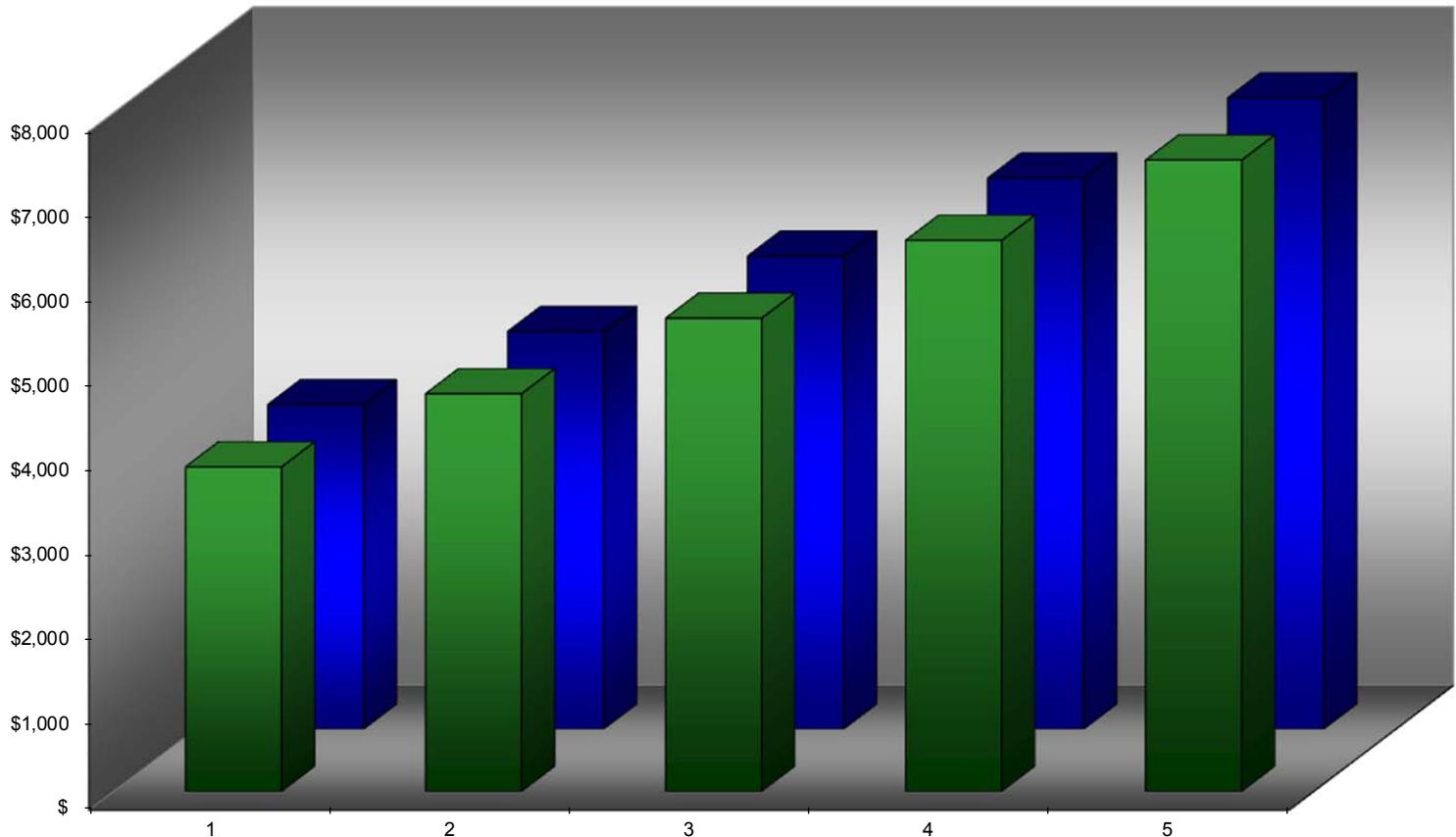
Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq Ft	% of Expenses	% of Revenue
Insurance	1,200	1.0%	300.00		9.4%	3.4%
Landscaping (estimate)	1,000	1.0%	250.00		7.8%	2.8%
Rental License Renewal	969	1.0%	242.25		7.6%	2.7%
Management Fee	1,803		450.75		14.1%	5.1%
Property Taxes	4,100	1.0%	1,025.00		32.1%	11.6%
Gas	1,700	1.0%	425.00		13.3%	4.8%
Electricity	500	1.0%	125.00		3.9%	1.4%
Water	1,500	1.0%	375.00		11.7%	4.2%
Total Annual Operating Expenses	\$ 12,772			\$ 3,193	100.0%	36.1%

Annual Property Operating Data

	Year 1	Sq Ft	Per Unit	Year 2	Sq Ft	Per Unit	Year 3	Sq Ft	Per Unit	Year 4	Sq Ft	Per Unit	Year 5	Sq Ft	Per Unit
Potential Rental Income	\$ 36,060	751.25		\$ 37,106	0.00	773.04	\$ 38,182	795.45		\$ 39,289	818.52		\$ 40,428	842.26	
Less: Vacancy & Credit Losses	(721)	-15.03		(742)	0.00	-15.46	(764)	-15.91		(786)	-16.37		(809)	-16.85	
Effective Gross Income	<u>\$ 35,339</u>	736.23		<u>\$ 36,364</u>	0.00	757.58	<u>\$ 37,418</u>	779.55		<u>\$ 38,503</u>	802.15		<u>\$ 39,620</u>	825.41	
Operating Expenses															
Insurance	1,200	25.00		1,212	25.25		1,224	25.50		1,236	25.76		1,249	26.02	
Landscaping (estimate)	1,000	20.83		1,010	21.04		1,020	21.25		1,030	21.46		1,041	21.68	
Rental License Renewal	969	20.19		979	20.39		988	20.59		998	20.80		1,008	21.01	
Management Fee	1,803	37.56		1,855	38.65		1,909	39.77		1,964	40.93		2,021	42.11	
Property Taxes	4,100	85.42		4,141	86.27		4,182	87.13		4,224	88.00		4,266	88.88	
Gas	1,700	35.42		1,717	35.77		1,734	36.13		1,752	36.49		1,769	36.85	
Electricity	500	10.42		505	10.52		510	10.63		515	10.73		520	10.84	
Water	1,500	31.25		1,515	31.56		1,530	31.88		1,545	32.20		1,561	32.52	
Total Operating Expenses	<u>\$ 12,772</u>	266.08		<u>\$ 12,934</u>	269.46		<u>\$ 13,099</u>	272.89		<u>\$ 13,266</u>	276.37		<u>\$ 13,436</u>	279.91	
Net Operating Income (NOI)	<u>\$ 22,567</u>	470.14		<u>\$ 23,430</u>	488.12		<u>\$ 24,320</u>	506.66		<u>\$ 25,237</u>	525.78		<u>\$ 26,184</u>	545.50	
Less: Annual Debt Service	(18,740)	-390.42		(18,740)	-390.42		(18,740)	-390.42		(18,740)	-390.42		(18,740)	-390.42	
Cash Flow Before Taxes	<u>\$ 3,827</u>	79.72		<u>\$ 4,689</u>	97.70		<u>\$ 5,579</u>	116.24		<u>\$ 6,497</u>	135.36		<u>\$ 7,444</u>	155.08	

Cash Flow Projections

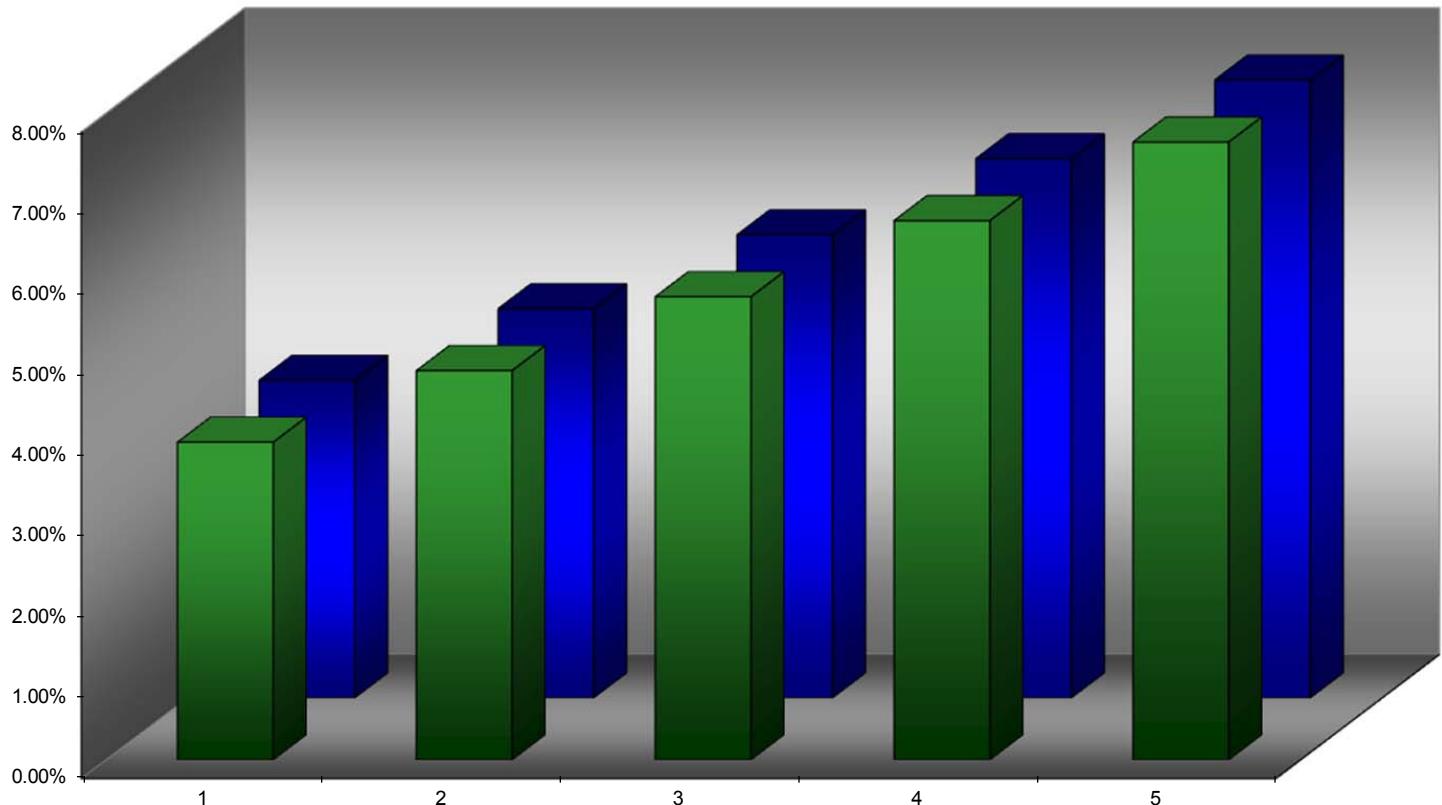
 Cash Flow After Taxes
 Cash Flow Before Taxes



Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
Int Investment				\$ (97,360)		\$ (97,360)
Year 1	22,567	-	(18,740)	3,827	-	3,827
Year 2	23,430	-	(18,740)	4,689	-	4,689
Year 3	24,320	-	(18,740)	5,579	-	5,579
Year 4	25,237	-	(18,740)	6,497	-	6,497
Year 5	26,184	-	(18,740)	7,444	-	7,444

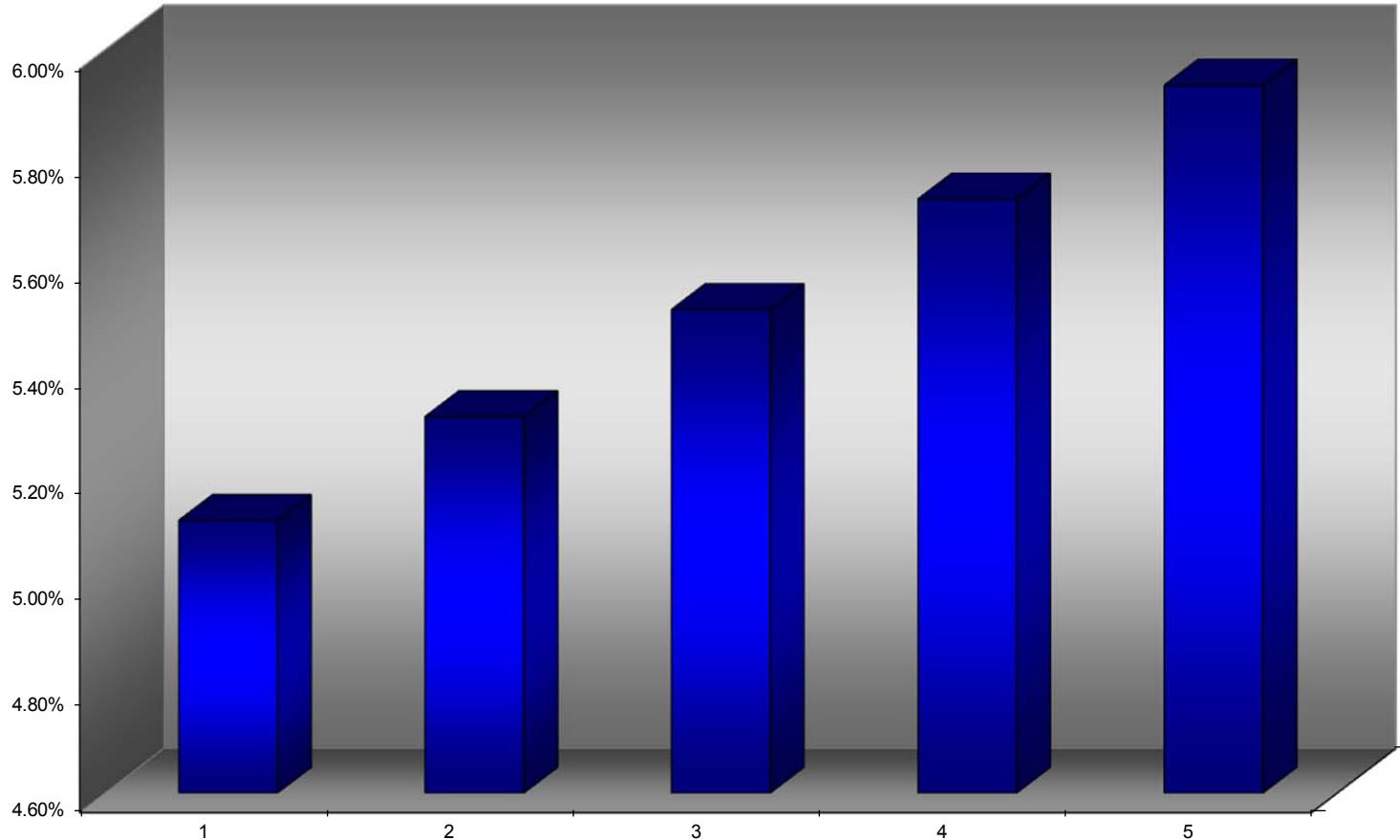
Cash on Cash Return

■ After Taxes
■ Before Taxes

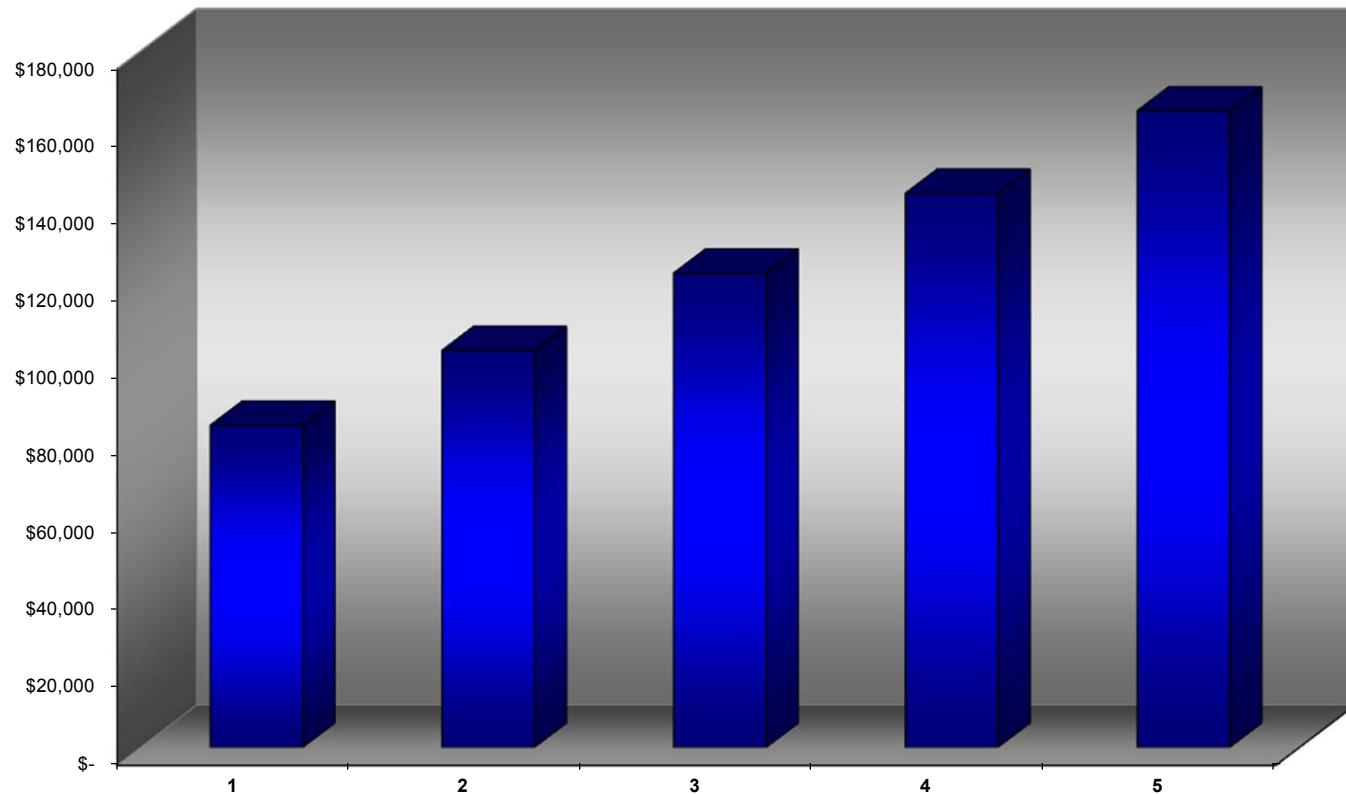


Time	Initial Investment		Cash Flow		Cash on Cash		Income		Cash Flow		Cash on Cash	
Period	Adj for Refinance		Before Taxes		Before Taxes		Taxes		After Taxes		After Taxes	
Year 1	\$	97,360	\$	3,827	3.93%	\$		\$	3,827	3.93%		
Year 2		97,360		4,689	4.82%		-		4,689	4.82%		
Year 3		97,360		5,579	5.73%		-		5,579	5.73%		
Year 4		97,360		6,497	6.67%		-		6,497	6.67%		
Year 5		97,360		7,444	7.65%		-		7,444	7.65%		

Capitalization Rate

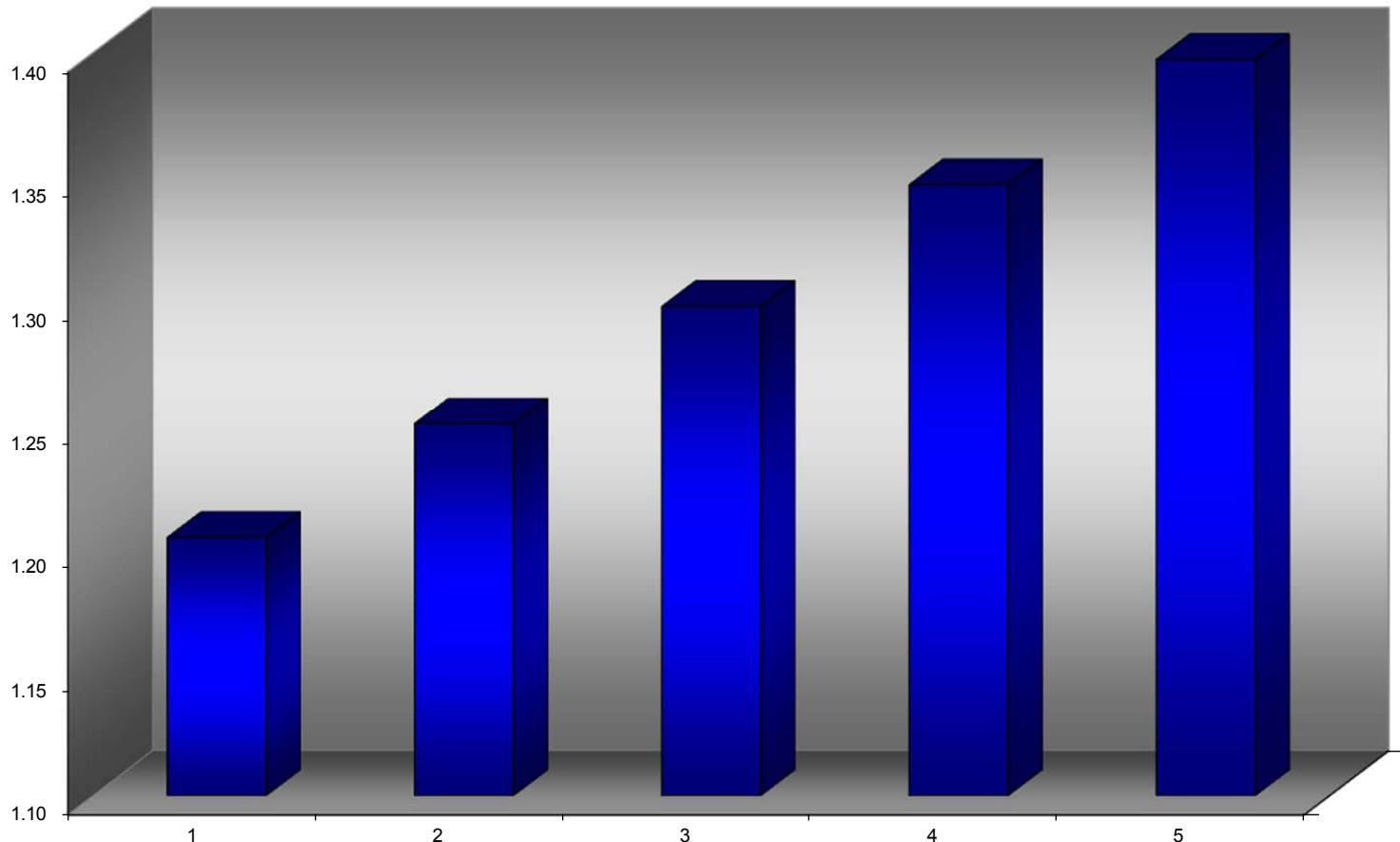


Time Period	Net Operating Income (NOI)	\$	Cap Rate on Cost	Resale Value
Year 1	\$ 22,567		5.11%	\$ 442,797
Year 2			5.31%	456,081
Year 3			5.51%	469,763
Year 4			5.72%	483,856
Year 5			5.93%	498,372



Time	Projected Adj	Projected	Refi Proceeds	Mortgage(s)	Sale Proceeds	Income Taxes	Sale Proceeds	Property	Year / Year
Period	Resale Value	Increase	(if any)	Balance Payoff	Before Taxes	From Sale	After Taxes	Equity	Equity Increase
Year 1	\$ 420,657	-2.15%	\$	\$ (337,420)	\$ 83,237	\$	\$ 83,237	\$ 83,237	\$ (14,123)
Year 2	433,277	3.00%	-	(330,683)	102,593	-	102,593	102,593	19,357
Year 3	446,275	3.00%	-	(323,701)	122,575	-	122,575	122,575	19,981
Year 4	459,663	3.00%	-	(316,463)	143,200	-	143,200	143,200	20,626
Year 5	473,453	3.00%	-	(308,961)	164,492	-	164,492	164,492	21,292

Debt Coverage Ratio



Time Period	Net Operating Income		Mortgage Payments	Debt Coverage Before Taxes
Year 1	\$ 22,567	\$ (18,740)		1.20
Year 2	23,430	(18,740)		1.25
Year 3	24,320	(18,740)		1.30
Year 4	25,237	(18,740)		1.35
Year 5	26,184	(18,740)		1.40

Input Data Screen

14 Young Street West

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Waterloo, Ontario

I. Rental Income & Expenses			
Rental Income / Rent Roll: <input type="button" value="Enter Rent Roll"/> Operating Expenses: <input type="button" value="Enter Expenses"/>			
II. Property Costs & Characteristics			
Select Property Type from Drop-Down Menu: <input type="button" value="Multi-Family"/>			
Purchase Price of Property: <input type="button" value="Contract Purchase Price"/> Initial Improvements <input type="button" value="Initial Improvements"/> Closing Costs <input type="button" value="Closing Costs"/> Land Transfer Tax <input type="button" value="Land Transfer Tax"/> Other Initial Costs <input type="button" value="Other Initial Costs"/> % of Cost Allocated to Land <input type="button" value="20.00%"/>		\$ 429,900 4,300 5,073 2,007 \$ 441,280	
Ontario <input type="button" value="Ontario"/>			
Reserves & Specific Improvements <input type="button" value="Reserve Amount"/> Annual Increase <input type="button" value="1.00%"/> Expense Portion <input type="button" value="50.00%"/>			
Description <input type="button" value="Amount"/> Select Year <input type="button" value="1"/> Increase FMV? <input type="button" value="No"/>			
\$ <input type="button" value="1"/> \$ <input type="button" value="1"/> Total <input type="button" value="S"/>			
III. Resale Valuation Method			
Choose Resale Method <input type="button" value="Enter FMV and Use One Appreciation Rate for All Years"/> <input type="button" value="Enter FMV and Enter Different Annual Appreciation Rates"/> <input type="button" value="Use Cap Rate Based on Current Year's NOI"/> <input type="button" value="Use Cap Rate Based on Following Year's NOI"/>		Current Fair Market Value (FMV): <input type="button" value="429,900"/> Enter Property's Appreciation Rate <input type="button" value="3.00%"/> Future Selling Expense (% of Selling Price): <input type="button" value="5.00%"/>	
IV. Financing			
Use % on Contract Price <input type="button" value="Mortgage #1"/> Mortgage #1 <input type="button" value="20.0%"/> Mortgage #2 <input type="button" value="343,920"/> Mortgage #3 <input type="button" value="3.590%"/>			
Down Payment Percentage <input type="button" value="Enter Loan Rate"/> Amount Borrowed or Assumed: <input type="button" value="Enter Loan Rate"/> Interest Rate: <input type="button" value="360"/>			
Term / Remaining Term of Loan (In Months): <input type="button" value="360"/> Interest Calculation Type: <input type="button" value="Simple Interest"/> Start Month: <input type="button" value="Month 1"/> Start Year: <input type="button" value="Year 1"/>			
Refinance Mortgage #1 or #2? <input type="button" value="Month 1"/> Additional Monthly Payment: <input type="button" value="Year 1"/> Monthly Mortgage Payment: (Formula) <input type="button" value="No - New Loan"/>			
Finance Points <input type="button" value="Yes"/> <input type="button" value="No"/> Loan Origination Points <input type="button" value="-"/> Loan Origination Points (In Dollars) <input type="button" value="\$"/>			
Amortization Type <input type="button" value="12 Months First Year"/>			
Initial Investment or Down Payment (Cost less Debt - Automatically Calculated) <input type="button" value="97,360"/> <input type="button" value="Yes"/> <input type="button" value="No"/> Down Payment as a % of Cost <input type="button" value="22.06%"/> Down Payment as a % of FMV <input type="button" value="22.65%"/>			
V. Income Taxes			
Before Tax Presentation? <input type="button" value="Province of Residence"/> <input type="button" value="Ontario"/> Federal & Provincial Combined Marginal Income Tax Rate: <input type="button" value="0.00%"/> Are Your Losses Limited by the Passive Loss Rules? <input type="button" value="Yes"/> Like-Kind Exchange on Disposition? <input type="button" value="No"/>			

About Me



Mike Milovick



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Grand Valley Realty Kitchener's Top Salesperson, 2004-2007, 2009-2013

Royal Lepage Diamond Award Recipient, 2012 (Top 3% of the Royal Lepage Network)

Prudential Legend Award Recipient, 2010 (Top 1% of the Prudential Network)

Prudential Chairman's Circle Award Recipient, 2005-2010

Prudential President's Circle Award Recipient, 2004

Member, Ontario Real Estate Association's Commercial Council

Registrant, Real Estate Council of Ontario, 2002 - Present (over 500+ trades)

President, Waterloo Regional Apartment Manager's Association

President, Protecting Rental Options Waterloo

Owner, Student Income Properties, 1998 - Present

Certified Commercial Investment Member (CCIM)

Graduate, Bachelor of Business Administration, Wilfrid Laurier University